

Employment Security Department

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Audio link: <http://www.esd.wa.gov/newsandinformation/releases/audio/index.php>

New law improves tax fairness for employers

OLYMPIA – A new law improves the fairness of Washington’s tax system for employers who fail to pay unemployment taxes on time.

Until now, delinquent employers were assigned the maximum possible tax rate, plus a penalty amount, regardless of whether their regular tax rate was 1 percent or 6 percent.

Now, only a 1 percent penalty will be added to a delinquent employer’s regular rate, resulting in lower tax rates for most employers with overdue taxes.

For example, a delinquent employer with a regular tax rate of 0.95 percent jumped to 7.06 percent under the old law – the same fate as a delinquent employer with a regular tax rate of 6 percent. But starting in 2011, the employer with a rate of 0.95 percent will move to 1.95 percent and may have the opportunity to cut the penalty by 0.5 percent by entering into a payment contract with Employment Security.

“This new law improves the fairness of our tax system by issuing an equal penalty to all delinquent employers,” said Employment Security Commissioner Karen Lee. “This is one of several improvements by the governor and the legislature in recent years to make unemployment taxes more equitable.”

Delinquent rates can be avoided by making sure all unemployment taxes due through June 30 are paid in full by Sept. 30.

Employers that are delinquent a second year will be assigned a rate 2 percentage points higher than their regular rate, which is based mostly on layoff history. The more former workers collecting unemployment benefits, the higher an employer’s tax rate.

Employers having difficulty paying their taxes on time should call their district tax office as soon as possible to work out a payment agreement. For contact information, visit www.esd.wa.gov and type “district tax offices” in the search box.

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Broadcast version

A new law improves the fairness of Washington's tax system for employers who fail to pay unemployment taxes on time.

Until now, delinquent employers were assigned the maximum tax rate, plus a penalty amount – totaling more than seven percent -- regardless of whether their regular tax rate was one percent or six percent.

Now, one a one-percent penalty will be added to a delinquent employer's regular rate, resulting in lower tax rates for most employers with overdue taxes.

Delinquent rates can be avoided by making sure all unemployment taxes due through June 30th are paid in full by September 30th.